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President: Mr. LAGERFELT (Sweden)

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REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE INTERNATIONAL DEVELOPMENT STRATEGY, THE DECLARATION AND THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER, THE CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES AND GENERAL ASSEMBLY RESOLUTION 3362 (S-VII) ON DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION (agenda item 2) (TD/B/642 and Add.1 and 2, TD/B/646) (continued)

1. Mr. HARAN (Israel) said that, at the preceding session of the Board, his delegation had already expressed some doubts concerning the conduct of a full-sc review and appraisal of the implementation of the instruments referred to in the title of the agenda item under consideration. It had emphasized that it considered the review and appraisal to be the least useful of the Board's activities and that, moreover, other appropriate United Nations bodies, such as the Economic and Social Council and the Committee on Review and Appraisal, were already carrying out that task. Moreover, according to the title of agenda ite the Board's discussion was not limited only to the aspects of the resolutions in question which were clearly within UNCTAD's competence. It should, however, be obvious that any widening of the Board's terms of reference with regard to review and appraisal would be counter-productive. As one example, he noted tha paragraph 11 of the report on the evolution of a new development strategy (TD/B/642) stated that insufficient emphasis had been placed on a "redistributi with growth" development strategy. It was certainly true that "qualitative and structural changes in society must go hand in hand with rapid economic growth", but the Board did not appear to be the appropriate body to consider that questi Nor did it seem appropriate for the Board to discuss the different ways in whic various countries had interpreted the Development Strategy and other instrument adopted by the General Assembly, particularly in view of the basic contradictio between those texts. Moreover, the report clearly indicated that the Declarati and the Programme of Action differed from the development approach adopted in t Strategy and even contradicted it, although the Declaration and the Programme o Action had often been interpreted as an endorsement or indeed a strengthening o the original Strategy.

2. With regard to the review and appraisal itself, it was not certain that, even with regard to the problems with which UNCTAD was competent to deal, the Board had adequate information to carry out the task entrusted to it. It would have been bette equipped for the task if it had been able to hear representati of the World Bank Group, the International Monetary Fund (IMF), GATT, FAO and t United Nations Development Programme (UNDP) describe the activities of those bodies which were related to the Second Decade. It would, in any case, be helpful for the Board to invite representatives of those organizations to the next review session.

3. That did not mean that the documentation provided by the secretariat was insufficient. In particular, the report on the results achieved by developing countries (TD/B/642/Add.2) contained some lucid conclusions concerning the progress made or the lack of progress made, as well as useful pointers to the main types of action to be taken.

4. The first conclusion to be noted was that, until 1973, the developing cou other than the oil exporting countries had come very close to attaining the 6 per cent annual growth rate target. Since then, the situation had changed completely and the worst results had, of course, been achieved by the least developed countries, to which UNCTAD had, fortunately, decided to grant the highest priority.

5. The second conclusion to be noted was that, among the developing countries which were neither oil exporters nor least developed, the results had varied greatly from one country to another. The secretariat had even succeeded in identifying the "developing fast-growing exporters of manufactures", which seemed to have done better than the rest. That was a useful starting point for future action by UNCTAD. In any case, different solutions would obviously have to be found for the different categories of developing countries and general debates on general problems should therefore be avoided. It was clear that the problems of the raw-material-producing countries were particularly acute and that no effort should be spared to speed up the negotiations on the Integrated Programme for Commodities and, in particular, on the establishment of a common fund, which was now being recognized as essential. Some had observed that such a programme should be formulated only within UNCTAD and that it should not be subject to the vicissitudes of other negotiations, such as the Conference on International Economic Co-operation. His delegation considered that the important thing was to "negotiate". The confrontation of conflicting views in UNCTAD was of little value in itself unless a true negotiating process had been initiated. If it appeared that negotiations conducted in another body might lead to the adoption of an over-all package deal, that fact must be recognized, on the understanding that the details of the package deal would then be negotiated in UNCTAD or elsewhere.

6. A third conclusion to be drawn was that the obvious deterioration in the aggregate terms of trade of all developing countries other than the oil-exporting countries in the first half of the decade had led to a substantial increase in their deficits, the average annual deficit in 1974-1976 being three times that of the preceding four years. It had been offset only in very small measure by the increase in concessional flows of financial resources. In that connexion, his delegation noted with regret that the documentation prepared by the secretariat gave details only of flows from countries members of the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD). With regard to concessional or non-concessional financial flows from other groupings, the secretariat had simply stated that they were characterized by a high degree of geographical concentration and by a relatively limited number of beneficiary countries. His delegation had therefore listened with great interest to the explanation given by the Venezuelan delegation.

7. Despite the increase in some assistance flows, the non-oil-exporting developing countries had to borrow more and more to maintain their already low levels of income and production and the total outstanding debt of the developing countries now probably exceeded $250 billion. That situation called for immediate action and UNCTAD must not waste any time in dealing with it.

8. Referring to the concept of "collective self-reliance", he noted with interest that, in paragraph 79 of his report (TD/B/642), the Secretary-General of UNCTAD had referred to the possibility of establishing new mechanisms for channelling financial resources from capital-surplus to capital-deficient developing countries. His delegation thought that such a solution might hold great promise for the future. His country would do all it could to further the concept of collective self-reliance.

9. Mr. LALL (India) said that he wished to draw attention to certain parts of the penetrating analysis submitted by the secretariat (TD/B/642). The facts and figures given in paragraph 28, tables 1 and 2, and paragraph 35 helped give some idea of the results achieved in the past 15 years.

10. The extent of achievement of the targets which had been set for official development assistance (ODA) could be judged by reading paragraph 31 of document TD/B/64../Add.1. It was to be hoped that the improvement referred to at the preceding meeting by the spokesman for the Group B countries was a sign of a more positive trend.

11. Referring to trade in manufactures, he said that, despite the commitments made and the resolutions adopted, the results had been even more disastrous. From 1970 to 1975, the developing countries' total exports of manufactures had increased by only $21 billion, whereas the developed countries' exports of manufactures had increased by $264 billion. In the period 1974-1975, the developing countries' exports had declined by 4.5 per cent, which meant that the situation was worse than it had been before the Second Development Decade. What had happened was that the developed countries had liberalized access to markets for manufactures which offered developing countries little or no potential for increased production or exports, while, at the same time, they had placed import restrictions on manufactures which did offer some growth potential. A few positive results had, however, been achieved, although not without difficulty, for example, in the field of textiles.

12. With regard to commodities, the terms of trade continued to deteriorate. In paragraph 24 of his report (TD/B/642), the Secretary-General of UNCTAD had referred to "the evident disarray of present international development policies". In fact, it was the entire international economic system that was in total disarray. It had been pointed out that a dramatic change had occurred in 1973, but even the Strategy for the Second Development Decade itself had not been formulated in one day. At the first and second sessions of the Conference, attention had been drawn to a number of problems and it could well be asked whether the disarray would be what it was today - with the increase in oil prices, inflation and unemployment in developed countries - if some of the ideas and suggestions put forward at those first two sessions had been adopted. Was there not a relationship between the disarray of present international development policies, in which those ideas had not been followed, and the disarray of the world economic system?

13. What recommendations did the Board envisage making, at the end of its current review and appraisal, for bridging the gap between expectations and achievements? A great deal had been said about negotiations, but negotiations were dealings between partners with equal bargaining power. There could obviously be no question of refusing to negotiate but, it should be recognized that, at present, certain negotiations were not possible. The ministerial meeting of the Paris Conference on International Economic Co-operation had been convened precisely because some countries members of Group B thought that it was impossible to negotiate with the Group of 77 as a whole because it had too many members. There was thus a gap between the "maximalist" position of the Group of 77 (based on the Declaration of Manila) and the "minimalist" position of the eight member

countries of the Paris Conference which were affected by the "crisis" ("stagflation", unemployment, etc.) and the requirement was to negotiate in order to agree on a package deal in which these two positions could be reconciled. In other words, the negotiation would be on what that group of eight countries, with all their obvious economic differences, could, and would agree to do (and not on what they should do) to meet the requests which the 19 developing countries taking part in the meeting would define as the strict minimum which needed to be done, not to achieve the objectives of the Second Decade, but, rather, to meet absolutely vital development needs.

14. He thought that some elements could now be regarded as likely to be accepted by the eight countries in question for inclusion in a package deal. First, it was generally agreed that, at least in some areas, the growing debt of the developing countries had reached such proportions that it threatened not only the results of those countries' development efforts, but also their hopes that the development process would ever "take off". All countries - and not only the poorer countries - knew from experience what a Government could do at the national level to awaken from the nightmare of indebtedness those who were bound hand and foot to their creditors. In that connexion, he drew the attention of those who were wondering whether debt alleviation might not harm the developing countries' reputation for creditworthiness to the fact that, as a result of measures taken at the national level, his country had found that the reputation for creditworthiness of debtors who had been released from their debts had increased even in the eyes of their former creditors. It therefore seemed quite reasonable to expect the eight countries he had mentioned to make a commitment with regard to debt alleviation.

15. Secondly, something might also be done with regard to ODA. If, for various reasons, some Group B countries found it impossible to reach the 0.7 per cent target, they might follow Norway's example. The Norwegian Government had just decided that, after having achieved the 0.7 per cent target and then the 1 per cent target, it would not stop, but, rather, would continue gradually to increase its official assistance at the rate of 0.1 per cent per year until it had reached 1.5 per cent in 1985. Might not that figure of 0.1 per cent per year (or some other percentage of GNP) be selected by the Group B countries which, at present, had reached only 0.3, 0.4 or 0.5 per cent per year? A firm commitment by each Group B country to increase its ODA contribution regularly every year for the next three to five years or, in other words, until the elements of the strategy for the Third Development Decade had been decided upon, might be included in the package deal.

16. Thirdly, he drew attention to an element which could not be measured in figures and which related to the link between special action to be taken by developed countries against poverty in the developing countries and the enjoyment of political rights and freedoms in those countries. In that connexion, he referred to the results of the elections which had just taken place in his country and from which the lesson should be drawn that voters wanted not only bread, but also freedom, and that it was now the responsibility of Governments to solve the problem of how to feed people in conditions of freedom. It also seemed - and he welcomed the fact - that the new Government of the United States was concentrating on ways of securing political rights for the masses in the poorer countries. He nevertheless wondered what should be made of the rumours he had heard at Brussels before the Indian elections to the effect that the level of co-operation with India might depend on the importance that country attached to democratic freedoms.

17. The developed countries should also undertake that, by financing the development of the poorer countries, they were giving them the means to purchase goods and merchandise and, consequently, providing a solution to the problem of underemployment in the developed countries. An increase in financial assistance of 10 to 20 per cent would produce clear benefits for both groups of countries. Special measures to increase ODA might therefore be negotiated, provided that the Group B countries and the Organization of Petroleum Exporting Countries (OPEC) were prepared to make their contribution, without expecting other countries to provide proof of good conduct.

18. The fourth element in the package deal related to manufactures of particular export interest to the developing countries and it might be negotiated separately at the North-South Conference. It was necessary, in particular, to ease the protectionist measures adopted by the developed countries against competitive manufactures exported by developing countries. India was particularly sensitive to such protectionism in the field of textiles because the textile industries of some developed western countries were at present in difficulty. Duties on some textiles were so high that Indian producers had had to decide unilaterally to reduce their production. The countries which were protecting their industries cited their level of unemployment as an excuse, but, for every five unemployed persons who might again obtain employment as a result of protectionist measures, there would certainly be 500 unemployed Indians. Could not some flexibility be introduced into the Agreement regarding International Trade in Textiles, in order to facilitate exports of carpets, jute manufactures, simple manufactures and other labour-intensive products? His delegation feared that the multilateral trade negotiations would lead to a reduction of import duties on more complex, capital-intensive manufactures, but that such duties would remain high for all manufactures which offered growth opportunities for developing countries. He urged the developed countries clearly to indicate what they were prepared to do in that connexion.

19. The fifth element in the package deal related to commodities. The developed countries wished to avoid any increase in surpluses; their main concern was to avoid waste and ensure supplies of "strong" commodities. Should the developing countries which produced those commodities be asked to accept a commitment to increase their production or make further investments in such production through transnational corporations? What those countries did not want was to increase their production only to have it wasted by consumers, who would, moreover, make great profits from it. In that connexion as well, it would be very helpful for the developed countries to indicate, at the Conference on International Economic Co-operation, the maximum they were prepared to do in their present situation and to commit themselves to that. If there was a gap between that maximum and the minimum requirements of the developing countries, the developed countries would have to state that they were prepared to pursue the discussion within the framework of continuing machinery which would have to be established.

20. He had certain suggestions to make with regard to the next International Development Strategy. It had been stated that the current Strategy did not adequately reflect the objective realities of the situation in various countries. He was, however, of the opinion that it was not the Strategy itself which was

deficient but, rather, the method followed in adopting its resolutions had been adopted by consensus, with reservations, it being understood that there would be some discordance between international commitments and national policies or, in other words, national sovereignty.

21. That discrepancy was something UNCTAD could do nothing about, although it could develop its techniques of persuasion and suggestion and its methods of monitoring the implementation of decisions. It could say which countries had fulfilled their obligations and which ones had not and draw up a balance sheet of burdens and benefits. His first suggestion was the following: taking the example of the Commission of the European Communities established by the Treaty of Rome, it might be possible to envisage a body composed of competent, high-minded persons who would listen to both sides, study the papers submitted and then make an assessment of the situation. Such a new method would be much more persuasive than the old one and was precisely what the international organizations needed.

22. The second suggestion related to the concept of interdependence, which was now recognized by Governments. Some countries however, were more dependent than others and all countries did not possess the same bargaining power. Consequently, for the Third Development Decade, some method might be conceived of transferring the burden of dependence, which was crushing certain countries, to an international organization, as well as a way of increasing the dependence of countries which were now less dependent.

23. His third suggestion was based on the idea the USSR had for some years been defending, namely that of the link between disarmament and development. The Group B countries might propose, for the periods 1977-1978 and 1978-1979, to devote a small percentage of the increase in their defence budgets to peace, thus helping to increase the independence of developing countries which were still too dependent. The sixtieth anniversary of the October Revolution would, moreover, be a good opportunity for the socialist countries to do the same.

24. As his fourth suggestion, he advocated a restructuring of the life style of various countries, regardless of the group to which they belonged, because all countries, without distinction, now seemed to be in difficulty and they therefore had to take some action. The wealthy societies could act by cutting down, while the poorer countries could adopt life styles which suited them, rather than the models offered them by the East or the West.

25. His fifth suggestion was that the concept of collective self-reliance or, more simply, of co-operation among developing countries, should apply to the international community as a whole or, in other words, to all groups of countries, because each group, whether it was composed of socialist or western countries or countries in the North or the South, had something to offer the others. A way should be found of starting a world development cycle in which all wealth - whether in the form of money, technology, manpower or industrial know-how - would be shared. In the contemporary world, all countries had to support one another because they all had immediate common interests and faced the same imminent dangers. There was now trouble in Pakistan, the Middle East and southern Africa. Where would it spread tomorrow?

26. Mr SANCHIS MUÑOZ (Argentina) said that his delegation would have liked the documentation to have focussed more on the progress made in implementing the Programme of Action on the establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States and General Assembly resolution 3362 (S-VII), instead of reviewing the recent and perspective world economic situation. His delegation fully supported the statement made by the spokesman for the Group of 77 in that regard.

27. The report by the Secretary-General of UNCTAD on the evolution of a viable international development strategy (TD/B/642) contained original and sometimes controversial ideas; it was unfortunate that it had been circulated too late for it to receive all the attention it deserved.

28. An initial examination revealed some aspects of the international economic situation which should be used as a basis for reviewing programmes and strategies for the near future. The picture was largely negative: the international development policies pursued during the decade had largely failed, world economic growth had slowed down since 1973, the recommendations on the dismantling of tariff barriers, improvement of the transfer of technology and the achievement of aid targets had remained dead letters, international development policies were in total disarray, the GNP had declined in most developing countries, their terms of trade had deteriorated and their balance of trade deficit had reached a record ($33 billion), while almost all Governments, particularly those of the developed countries, were giving only slight priority to the measures recommended in the Strategy.

29. There were, however, some positive aspects, such as the increased financial aid from new sources, the progress of the negotiations in UNCTAD on a number of basic issues and the consensus achieved at the fourth session of the Conference on certain fundamental principles; but that was not enough. It was necessary to improve access to developed country markets for the products of developing countries, to ensure an effective and equitable transfer of technology, to increase the volume of transfers of resources for development and, more generally, to promote the establishment of a new, more equitable and more balanced international economic order. What was needed in UNCTAD was a political will to intensify action with regard to the Integrated Programme for Commodities, the common fund, shipping, the expansion and diversification of trade in manufactures, the control of restrictive business practices, financial and monetary questions, assistance to economic co-operation among developing countries, and perhaps even to technological co-operation among developed countries.

30. The means and strategies employed for the achievement of those objectives were inadequate. Chapter 3 of the above-mentioned report by the Secretary-General of UNCTAD should be examined more closely inasmuch as a new strategy could not be formulated unless there was a specific commitment by the international community to show a genuine political will, particularly in the case of those countries which previously had assumed greater responsibility and which still had a central role to play in the restructuring of international economic relations. The alternative was to consider that countries were poor because they wished to be, and that the most they could hope for was to pool their weaknesses. His country did not deny the importance of national development plans, of income-redistribution policies and of co-operation among developing countries, but it considered it also necessary to mobilize the political will and resources of the international community as a whole.

31. Mr. INGRAM (United Kingdom of Great Britain and Northern Ireland), speaking on behalf of the European Economic Community, fully endorsed the statement made by the spokesman for Group D. Although the results of the Second Development Decade had on the whole been disappointing, the Community's policies in the areas of assistance and trade had nevertheless evolved in a positive and interesting way.

32. In 1971 and 1972, the Community had defined its co-operation policy in a number of decisions and had taken specific measures to translate it into action. It had expanded its scheme of generalized preferences and had taken an active part in the multilateral trade negotiations. In 1974, at the sixth special session of the General Assembly, it had proposed that there should be "international action in favour of developing countries hit by ... recent trends in international prices", and, following the World Food Conference, it had increased its food aid. In 1975, it had signed the Lomé Convention and, in 1976, it had concluded global co-operation agreements with six Mediterranean countries, trade agreements with four developing countries in Asia and with two developing countries in Latin America. It had also established formal links with regional groups in South-East Asia and Latin America and was engaged in a dialogue with the countries of the Arab world.

33. Even during the most difficult years of the present recession, the Community had continued to increase its trade in manufactures and raw materials with the developing countries, of which it was not only the principal client, but also one of the major suppliers. Its scheme of generalized preferences, which had been introduced in 1971, had been progressively improved since then. The Community arranged seminars and trade fairs to assist the developing countries, particularly the poorer ones, in order to promote maximum possible use of the trade opportunities it offered.

34. In addition the Community had made a number of tariff reductions in the context of the multilateral trade negotiations, in particular in the field of tropical products, some of which (coffee, cocoa, tobacco, spices, refined vegetable oils) constituted a significant part of the developing countries' exports. Virtually all manufactures, except textiles, and 90 per cent of all agricultural products from developing countries, enjoyed free access.

35. The Community had recognized the need for commodity price stabilization agreements, where appropriate, a common fund for financing international stocks and further measures for the stabilization of export earnings. It was playing an active part in the ongoing programme of meetings held under the Integrated Programme for Commodities. It had also established under the Lomé Convention a novel export earnings stabilization scheme on a commodity-by-commodity basis, which had led to the disbursement of about $75 million to several commodity-producing countries which were experiencing difficulties.

36. The Community had initiated fruitful industrial co-operation with the developing countries by promoting, in accordance with the Lomé Convention, "the development of diversification of industry", joint participation in equity holdings of companies set up on their territory, and granting generous margins of preference in tenders for both supply and works contracts financed with its aid.

37. The Community's development aid had more than doubled since the beginning of the decade. It extended to industrial, technological and commercial co-operation for development. The relevant programmes were established in co-operation with the recipient countries and nearly all the financial aid was provided in the form

of grants. Together with the assistance available from the European Investment Bank, to which the developing countries now had access, the Community provided ample scope for development projects. Furthermore, it had supplied some $250 million worth of food aid entirely in the form of grants, one-third of it being distributed by international institutions and the remainder closely programmed with recipient national agencies. The Community also gave financial assistance to several developing countries not covered by contractual agreements. The overall grant element in all those commitments was well over 90 per cent; such Community aid could in no way be described as "unreal".

38. In all those activities, special priority had been given to the poorest countries. The Community had contributed $250 million to the special programme in favour of the least developed countries which had been launched by the General Assembly. The Community had also done all it could to foster regional co-operation among developing countries.

39. Mr. KLINKENBERCH (Netherlands) said that appraisal of the Strategy meant both reviewing what had been done in order to determine why expectations had not been met and thinking about the elaboration of a new strategy for the next decade.

40. As the spokesman for the Group of 77 had rightly observed, little had been done to implement the recommendations of the Strategy. The Secretary-General of UNCTAD had rightly attributed that failure to the fact that the underlying concepts and assumptions were not in keeping with realities. Inflation and the economic crisis that had developed in 1973 had shown the weakness of the idea, perhaps logical at the outset, that continuous economic expansion in the developed countries would stimulate growth in the developing countries through improved market access and a substantial expansion of financial assistance. There had also been a lack of political will and possibly insufficient recognition of the common interests involved, with the result, that although governments had accepted a general commitment to implement the Strategy recommendations, they had generally avoided specific commitments on particular measures (TD/B/642, paragraph 7). The Netherlands had fortunately been able to give high priority to development co-operation with broad public support; that had enabled it to reach by the target date of 1975 the 0.7 per cent objective for ODA.

41. Another shortcoming of the general policy instruments was that they had not taken sufficient account of the great differences among the developing countries. At the first two biennial reviews, his delegation had recommended a more differentiated country-by-country approach as part of a global strategy. The need for that was confirmed by the fact that the economic crisis had most severely affected the low-income countries.

42. His delegation believed that the new Strategy should be focused on the idea of a New International Economic Order as defined by the General Assembly and be duly prepared with the necessary care. There were two alternatives: legally binding commitments or voluntary non-binding arrangements. The former might limit the possibilities of agreement and give rise to many abstentions, while the latter might in the end be more effective. For the moment there was no single answer to the problem. The negotiations should in any event be based on principles of equality and mutual interest in order to reach firm agreements that would actually be implemented. As the Secretary-General of UNCTAD had pointed out, the fixing of

new quantitative targets for growth of GNP, foreign trade and industrial and agricultural production would be of little significance unless they were related to a coherent and viable development strategy; Governments would also have to place high priority on implementing internationally agreed policy measures, which were central to the success of a new strategy. Furthermore, the question arose as to whether consideration should not be given to a strategy lasting longer than 10 years or whether a 10-year strategy should be placed in a longer term perspective.

43. Those were matters on which the advice of scientists and thinkers in the field of development should be sought. An important part of the activities to be undertaken in the process of formulating a new strategy should be carried out by the United Nations Secretariat, including the regional commissions, UNCTAD and the specialized agencies concerned. Advantage should also be taken of the services offered by research bodies in both developed and developing countries. All these bodies should co-operate in formulating new policy options and recommendations needed for success in reshaping the international economic order. His Government had already pledged 12 million for that purpose.

44. Mr. TSCHERNING (Sweden) said that his delegation fully supported the conclusions and recommendations of the report of the Group of Governmental Experts on the Concepts of the Present Aid and Flow Targets (TD/B/646, paragraphs 31 to 34) concerning the setting up of a comprehensive statistical framework. However, it was necessary not to lose sight of the fundamental mandate of the Group of Experts, whose title stressed the concepts of the present aid and flow targets, in accordance with Conference resolution 61 (III) and resolution 91 (XII) of the Trade and Development Board. The Swedish delegation considered those initial tasks of the Group to be of paramount importance for the preparation of a new international development strategy. It therefore assumed that the measures to set up a comprehensive statistical system would not prevent the Group from continuing to examine aid and flow targets with a view to providing a solid basis for decisions to be taken on definitions to be included in due course in a new international development strategy.

The meeting rose at 5.50 p.m.